

LAKE COUNTY SPECIAL DISTRICTS

Water and Sewer Rate Study Recommendations



Board of Supervisors
June 18, 2024



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MUNICIPAL CONSULTANTS

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Overview

- Project includes:
 - Spring Valley water rates
 - Kelseyville water and sewer rates
 - Northwest sewer rates
- Developed a 5-Year rate plan consistent with Proposition 218
 - Rate adjustments beginning November 2024 through July 2028
 - Rate revenues must be increased to cover:
 - Operating costs
 - Infrastructure (capital) improvements
 - Reasonable emergency reserves (50% of operating costs + cost of an emergency repair)
 - Rate structure adjustments needed to better align with best practices and legal requirements



Spring Valley Water Utility

- About 400 residential connections
- Rates last increased in 2011
- Conducted outreach to the Spring Valley Advisory Committee
- **Water System Financials**
 - End of year projections: operating deficit of about \$170,000 resulting in a spend down of reserves
 - Financial plan includes use of near-term property taxes for water service costs to phase-in rate adjustments
 - Rate increases are needed to overcome the deficit and rebuild prudent reserves
 - Proposed water rate revenue increases:

	Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
Rate Revenue Increase	35%	18%	15%	15%	15%



Spring Valley Bimonthly Water Rates

	Current		Proposed
	Jan 1, 2024		Nov 1, 2024
Fixed Charge (12 ccf)	\$50.00	Fixed Charge (2 ccf)	\$70.92
Water CIP	\$14.40	Water CIP	\$14.40
Volume Rates	(\$/ccf)	Volume Rates	(\$/ccf)
Included (0-12 ccf)	\$0.00	Included (0-2 ccf)	\$0.00
Tier 1 (12-20 ccf)	\$2.75	Tier 1 (3-9 ccf)	\$3.27
Tier 2 (20-40 ccf)	\$5.50	Tier 2 (9+ ccf)	\$4.13
Tier 3 (40+ccf)	\$8.00		

*1 ccf = 748 gallons



Spring Valley Proposed Rates

	Proposed				
Fiscal Year	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Effective Date	Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
		+18%	+15%	+15%	+15%
Fixed Charge (2 ccf)	\$70.92	\$83.60	\$96.27	\$110.85	\$127.57
Volume Rates (per ccf)					
Included (0-2 ccf)					
Tier 1 (3-9 ccf)	\$3.27	\$3.86	\$4.44	\$5.12	\$5.89
Tier 2 (9+ ccf)	\$4.13	\$4.86	\$5.60	\$6.45	\$7.42



Spring Valley Bill Impacts

- Typical bimonthly bill of a customer using 9 ccf

CURRENT BILL			PROPOSED FY24-25 BILL		
<u>Water Charges</u>		<u>Total Fees</u>	<u>Water Charges</u>		<u>Total Fees</u>
Fixed Charge		\$50.00	Fixed Charge		\$70.92
Water CIP		\$14.40	Water CIP		\$14.40
Volume Rates			Volume Rates		
Included (0-12 ccf)	9 ccf	\$0.00	Included (0-2 ccf)	2 ccf	\$0.00
Tier 1 (12-20 ccf)		\$0.00	Tier 1 (3-9 ccf)	7 ccf	\$22.89
Tier 2 (20-40 ccf)		\$0.00	Tier 2 (9+ ccf)		<u>\$0.00</u>
<u>Tier 3 (40+ccf)</u>		<u>\$0.00</u>			
Total Bill		\$64.40	Total Bill		\$108.21



Kelseyville Water Utility

- About 1,100 connections
- +3.7% inflationary increase to rates applied January 1, 2024
- Conducted outreach to the Big Valley Advisory Council
- **Water System Financials**
 - Low fund balance/reserves; revenues are covering current costs but
 - Rate increases are needed to keep up with inflationary operating cost increases, rebuild prudent reserves, and fund system upgrades (utility truck and well generators)
 - Proposed water rate revenue increases:

	Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
Rate Revenue Increase	20%	15%	3%	3%	3%

- Proposed rate structure adjustments to bill by meter size and update usage tiers



Kelseyville Water Fixed Charges

Bimonthly Fees

<u>Code</u>	<u>Customer Class</u>	Current	<u>Meter Size</u>	Proposed
		Jan 1, 2024		Nov 1, 2024
WA	Basic Fee	\$37.95	5/8"	\$53.52
WC	Extra Unit	\$21.72	3/4"	\$53.52
WD	Out of District	\$75.90	1"	\$53.52
WF	Motel - per room	\$10.86	1-1/2"	\$90.49
WG	RV - per space	\$7.23	2"	\$134.86
CN	4" Fire Protection	\$33.26	3"	\$253.18
CL	6" Fire Protection	\$49.94	4" Fire protection	\$46.12
CL	8" Protection	\$66.60	6" Fire protection	\$75.70
			8" Fire protection	\$111.20
LK	Loan Fee – all customers	\$15.32	Loan Fee – all customers	\$15.32



Kelseyville Water Fixed Charges

	Proposed				
Fiscal Year	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Effective Date	Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
<u>Meter Size</u>		+15%	+3%	+3%	+3%
5/8"	\$53.52	\$61.51	\$63.37	\$65.24	\$67.20
3/4"	\$53.52	\$61.51	\$63.37	\$65.24	\$67.20
1"	\$53.52	\$61.51	\$63.37	\$65.24	\$67.20
1-1/2"	\$90.49	\$104.02	\$107.17	\$110.33	\$113.64
2"	\$134.86	\$155.02	\$159.72	\$164.42	\$169.36
3"	\$253.18	\$291.03	\$299.85	\$308.69	\$317.95
4" - Fire protection	\$46.12	\$53.01	\$54.61	\$56.23	\$57.92
6" - Fire protection	\$75.70	\$87.01	\$89.65	\$92.29	\$95.06
8" - Fire protection	\$111.20	\$127.82	\$131.69	\$135.57	\$139.64
Loan Fee – all customers	\$15.32	\$15.32	\$15.32	\$15.32	\$15.32



Kelseyville Water Usage Rates

VOLUME RATES (per ccf)

		Current		Proposed
<u>Code</u>	<u>All Customers</u>	Jan 1, 2024	<u>Single Family Residential</u>	Nov 1, 2024
WB/C Tier 1	Tier 1: 0 - 15 ccf	\$1.10	Tier 1: 0- 18 ccf	\$1.41
WB Tier 2	Tier 2: Over 15 ccf	\$1.48	Tier 2: Over 18 ccf	\$1.96
			<u>All Other Customers</u>	
			All use	\$1.75

*1 ccf = 748 gallons



KV Proposed Water Volume Rates

	Proposed				
Fiscal Year	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Effective Date	Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
		+15%	+3%	+3%	+3%
Volume Rates (per ccf)					
<u>Single Family Residential</u>					
Tier 1: 0- 18 ccf	\$1.41	\$1.62	\$1.67	\$1.72	\$1.77
Tier 2: Over 18 ccf	\$1.96	\$2.25	\$2.32	\$2.39	\$2.46
<u>All Other Customers</u>					
All use	\$1.75	\$2.01	\$2.07	\$2.13	\$2.19



Kelseyville Sewer Utility

- Projected to end the year with a \$200,000 operating deficit
- Rate increases are needed to fund operating expenses and accumulate operating reserves; capital improvement fee is proposed to be reduced
- Proposed rate revenue increases:

	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Rate Revenue Increase	65%	20%	3%	3%	3%

- Fixed charges based on landuse
- Rates apportioned based on flow and pollutants
- Rate structure is proposed to remain the same except to add a new multifamily category



Current Kelseyville Sewer Rates

January 1, 2024

CODE	FIXED CHARGES	
MM	Domestic Strength	\$44.04
DM	Convalescent care per bed	\$17.60
DL	School w/cafe per student	\$2.65
MC	Per restaurant seat over 33	\$2.65
ME	Motel add'tl unit w/o kitchen	\$12.35
MG	Motel add'tl unit w/kitchen	\$14.53
MD	Commercial	\$88.07
MO	School Basic Charge	\$88.07
MH	Professional Building	\$44.04
MQ	School add'tl building	\$44.06
MS	Laundry per machine	\$31.69
MA	Travel trailer w/o hookup; campsite	\$4.41
MB	Travel trailer w/hookup	\$8.80

CODE	ADDITIONAL CHARGES – ALL CUSTOMERS	
LL	Loan Fee	\$14.00
MK	Capital Improvement Fee	\$20.44



KV Proposed Bimonthly Sewer Rates

		CURRENT	Proposed				
Fiscal Year			FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Effective Date			Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
CODE	FIXED CHARGES			+20%	+3%	+3%	+3%
MM	Domestic Strength - SF Residential	\$44.04	\$81.49	\$97.79	\$100.72	\$103.74	\$106.85
MM	Domestic Strength - Multi-Fam	\$44.04	\$59.55	\$71.46	\$73.60	\$75.81	\$78.08
MM	Domestic Strength - Commercial	\$44.04	\$81.49	\$97.79	\$100.72	\$103.74	\$106.85
DM	Convalescent care per bed	\$17.60	\$31.34	\$37.61	\$38.74	\$39.90	\$41.10
DL	School w/caf per student	\$2.65	\$5.01	\$6.01	\$6.19	\$6.38	\$6.57
MC	Per restaurant seat over 33	\$2.65	\$5.25	\$6.30	\$6.49	\$6.68	\$6.88
ME	Motel add'tl unit w/o kitchen	\$12.35	\$22.37	\$26.84	\$27.65	\$28.48	\$29.33
MG	Motel add'tl unit w/kitchen	\$14.53	\$31.34	\$37.61	\$38.74	\$39.90	\$41.10
MD	Commercial	\$88.07	\$130.08	\$156.10	\$160.78	\$165.60	\$170.57



KV Proposed Bimonthly Sewer Rates

		CURRENT	Proposed				
Fiscal Year			FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Effective Date			Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
CODE	FIXED CHARGES			+20%	+3%	+3%	+3%
MO	School Basic Charge	\$88.07	\$137.15	\$164.58	\$169.52	\$174.61	\$179.85
MH	Professional Building	\$44.04	\$58.01	\$69.61	\$71.70	\$73.85	\$76.07
MQ	School Add'tl Building	\$44.06	\$58.01	\$69.61	\$71.70	\$73.85	\$76.07
MS	Laundry per machine	\$31.69	\$36.92	\$44.30	\$45.63	\$47.00	\$48.41
MA	Travel trailer w/o hookup; campsite	\$4.41	\$5.27	\$6.32	\$6.51	\$6.71	\$6.91
MB	Travel trailer w/ hookup	\$8.80	\$12.54	\$15.05	\$15.50	\$15.97	\$16.45
CODE	ADDITIONAL CHARGES – ALL CUSTOMERS						
LL	Loan Fee	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00
MK	Capital Improvement Fee	\$20.44	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00



KV Average Residential Bill Impacts

CURRENT BILL				PROPOSED FY24-25 BILL			
<u>Water Charges</u>		<u>Total Fees</u>		<u>Water Charges</u>		<u>Total Fees</u>	
Base Fee		\$37.95		Base Fee		\$53.52	
Volume Rates				Volume Rates			
Tier 1: 0 - 15 ccf	15 ccf	\$16.50		Tier 1: 0 - 18 ccf	18 ccf	\$25.38	
Tier 2: Over 15 ccf	3 ccf	\$4.44		Tier 2: Over 18 ccf	0 ccf	\$0.00	
Water Loan Fee		<u>\$15.32</u>		Water Loan Fee		<u>\$15.32</u>	
Subtotal Water		\$74.21		Subtotal Water		\$94.22	
<u>Sewer Charges</u>				<u>Sewer Charges</u>			
Domestic Strength Fee		\$44.04		Domestic Strength Fee		\$81.49	
Sewer Loan Fee		\$14.00		Sewer Loan Fee		\$14.00	
Sewer Capital Improvement Fee		<u>\$20.44</u>		Sewer Capital Improvement Fee		<u>\$3.00</u>	
Subtotal Sewer		\$78.48		Subtotal Sewer		\$98.49	
Total Bimonthly Bill		\$152.69		Total Bimonthly Bill		\$192.71	
				% Increase		+26.2%	



Northwest Sewer Utility

- About 4,000 connections
- +3.7% inflationary increase to rates applied January 1, 2024
- Projected to end the year with a \$39,000 operating deficit and low fund balance
- Rate increases are needed to overcome the deficit, keep up with inflationary cost increases, and rebuild reserves
- Proposed rate revenue increases:

	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Rate Revenue Increase	20%	10%	3%	3%	3%

- Fixed charges based on landuse
- Rates apportioned based on flow and pollutants
- Rate structure is proposed to remain the same except to add a new multifamily category



NW Proposed Bimonthly Sewer Rates

		CURRENT	Proposed				
Fiscal Year			FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Effective Date			Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
				+10%	+3%	+3%	+3%
Domestic Strength	Dwelling Unit	\$68.48	\$80.20	\$88.22	\$90.87	\$93.60	\$96.41
Domestic Strength - Multi Family	Dwelling Unit	\$68.48	\$55.52	\$61.07	\$62.90	\$64.79	\$66.73
Commercial Establishments	Each	\$136.98	\$166.27	\$182.90	\$188.39	\$194.04	\$199.86
Restaurant & Bar; per seat over 33	per Seat over 33	\$3.78	\$4.75	\$5.23	\$5.39	\$5.55	\$5.72
Hospital & Skilled Care; per bed	per Bed	\$27.24	\$24.68	\$27.15	\$27.96	\$28.80	\$29.66
School with Cafeteria; per student	per Student	\$2.96	\$3.08	\$3.39	\$3.49	\$3.59	\$3.70
Water Filter Backwash (9,600 gal)	9,600 gal	\$158.46	\$134.94	\$148.43	\$152.88	\$157.47	\$162.19
Water Filter Backwash Overage	Per 3,200 gal	\$8.97	\$44.98	\$49.48	\$50.96	\$52.49	\$54.06
Service Station	Each	\$136.98	\$74.03	\$81.43	\$83.87	\$86.39	\$88.98



NW Proposed Bimonthly Sewer Rates

		CURRENT	Proposed				
Fiscal Year			FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Effective Date			Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
				+10%	+3%	+3%	+3%
Fruit Stand	Each	\$17.22	\$9.86	\$10.85	\$11.18	\$11.52	\$11.87
Mobile Home Space	Dwelling Unit	\$68.48	\$55.52	\$61.07	\$62.90	\$64.79	\$66.73
Dump Station	Each	\$45.36	\$196.53	\$216.18	\$222.67	\$229.35	\$236.23
Motel Room, No Kitchen	per Room	\$11.66	\$14.79	\$16.27	\$16.76	\$17.26	\$17.78
Motel Room/Cabin w/Kitchen	per Room	\$15.24	\$24.68	\$27.15	\$27.96	\$28.80	\$29.66
Laundry	per Machine	\$48.24	\$54.21	\$59.63	\$61.42	\$63.26	\$65.16
Trailer/Campsite, No Hookups	Each	\$6.84	\$4.93	\$5.42	\$5.58	\$5.75	\$5.92
Trailer w/. Hookups	Each	\$13.64	\$12.34	\$13.57	\$13.98	\$14.40	\$14.83
Addl Toilets	per Toilet	\$68.48	\$12.34	\$13.57	\$13.98	\$14.40	\$14.83
Other Commercial	per 1,000 gpd discharged	\$136.98	\$492.86	\$542.15	\$558.41	\$575.16	\$592.41



Wrap Up

- Take aways:
 - Rate adjustments are needed to make the utilities financially self sufficient to fund operating and capital costs
 - Rate structure adjustments needed to better align with best practices and legal requirements
- Next steps:
 - Receive input
 - Continue to work with service area advisory groups
 - Finalize the rate reports
 - Property owners will be mailed a notice of public hearing
 - Absent a 50% protest, rates can be adopted by the Board at a hearing tentatively scheduled for August
 - First rate adjustment is proposed for November 2024